

**City of Detroit**

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## **OFFICE OF THE AUDITOR GENERAL**



### **Audit of the City Council Administration's Imprest Cash**

**April 2006 – March 2008**



**City of Detroit**  
**OFFICE OF THE AUDITOR GENERAL**  
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LOREN E. MONROE, CPA  
AUDITOR GENERAL

**MEMORANDUM**

**DATE:** August 8, 2008  
**TO:** Honorable City Council  
**FROM:** Loren E. Monroe, CPA *Loren E. Monroe*  
Auditor General  
**RE:** Audit of the City Council Administration's Imprest Cash  
**CC:** Mayor Kwame M. Kilpatrick  
Fermon Sanders, Administrative Assistant IV – City Council

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Attached for your review is our report on the audit of the City Council Administration's Imprest Cash. This report contains our audit purpose, scope, objectives, methodology and conclusions; background; audit summary and recommendations; and the response from City Council Administration.

Responsibility for the installation and maintenance of a system of internal control that minimizes errors and provides reasonable safeguards rests entirely with the City Council and the Finance Department. Responsibility for monitoring the implementation of recommendations is set forth in section 4-205 of the City Charter which states in part:

Recommendations which are not put into effect by the agency shall be reviewed by the Finance Director who shall advise the Auditor General and the City Council of the action being taken with respect to the recommendations.

We would like to thank the City Council Administration staff for their cooperation and assistance extended to us during this audit.

Copies of all of the Office of the Auditor General's reports can be found on our website at [http://www.ci.detroit.mi.us/legislative/CharterAppointments/AuditorGeneral/audit\\_main\\_frame.html](http://www.ci.detroit.mi.us/legislative/CharterAppointments/AuditorGeneral/audit_main_frame.html)

# **Audit of the City Council Administration's Imprest Cash**

**April 1, 2006 – March 31, 2008**

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## **AUDIT PURPOSE, SCOPE, OBJECTIVES, METHODOLOGY AND CONCLUSIONS**

### **AUDIT PURPOSE**

The audit of the City Council Administration's Imprest Cash was performed in accordance with the Office of the Auditor General's (OAG) Charter mandate to audit the financial transactions of all City agencies at least once every two years, and report findings and recommendations to the City Council and the Mayor.

### **AUDIT SCOPE**

The scope of this audit was a review of the imprest cash fund of the City Council Administration for the period April 1, 2006 through March 31, 2008.

Our audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, except for the completion of an external peer review of the Office of the Auditor General within the last three years.

### **AUDIT OBJECTIVES**

The overall audit objectives were:

- To determine whether the actual amount of the imprest cash fund is in agreement with the authorized amount.
- To determine whether imprest cash transactions are properly authorized.
- To determine if imprest cash is safeguarded against loss, theft, and unauthorized or improper use.
- To determine if the City Council Administration is in compliance with the Finance Department's Imprest Cash Manual, relevant Finance Directives and other Finance Department policies.
- To conduct a follow-up review of any imprest cash-related audit findings from the prior audit report.

### **AUDIT METHODOLOGY**

To accomplish our audit objectives, our audit work included:

- Review of the prior audit report of the City Council.
- Interviews with staff of City Council Administration, and documentation of the process for imprest cash transactions.
- Review of internal controls related to topics included in the City's Imprest Cash Manual, along with relevant Finance Directives and Finance Department procedures.
- Review of imprest cash documents from City Council Administration and from the Accounts Payable Section of the Finance Department.
- An unannounced count of the imprest cash funds.

- Determination of the status of the findings and recommendations related to imprest cash included in the prior audit report.
- Other audit procedures that we considered necessary to achieve our audit objectives.

### **CONCLUSIONS**

As a result of our audit we have concluded that:

- The actual amount of the imprest cash fund is in agreement with the authorized amount.
- There were no imprest cash transactions during the audit period.
- Imprest cash was adequately safeguarded.
- There were no imprest cash-related findings in the prior audit report.

## BACKGROUND

As provided by the City Charter, the City Council is the legislative body of the City of Detroit. The City Council consists of nine (9) members elected at large for a four-year term. The City Council promotes the economic, cultural and physical welfare of Detroit's Citizens through Charter-mandated legislative functions. The City Council monitors the administration of City government and City Departments to ensure that laws and programs are operating effectively and in the best interest of citizens.

Among the functions performed by the City Council are: the enactment and amendment of laws (ordinances and resolutions) governing the operation of the City; approval of contracts involving City business; approval and monitoring of the City Budget and amendments thereto; approval of the sale or disposition of City property; approval of the settlement of civil litigation involving the City; receipt of complaints, petitions and reports affecting the operation of the City or its records; advocating for the City and citizens at other levels of government via resolutions, testimony and statements for the record.

The following table shows the budgeted appropriations, revenues, and number of staff of City Council for the 2006-2007 and 2007-2008 fiscal years.

	<u>Fiscal Year Ended June 30</u>	
	<u>2007</u>	<u>2008</u>
Budgeted Appropriations	\$ 15,135,359	\$ 15,485,596
Budgeted Revenues	\$ 210,000	\$ 675,000
Number of Staff	104	105

City Council Administration has authorized imprest cash of \$150, which consists of currency only.

## **AUDIT SUMMARY AND RECOMMENDATIONS**

The imprest cash fund of the City Council Administration is dormant. It has not been used since 1994. Administrative changes affecting City Council members' offices, Council Divisions, Boards and Commissions have eliminated the need for the City Council Administration to have an imprest cash fund.

### **Recommendations**

We recommend that City Council Administration:

- Eliminate their imprest cash fund by returning the \$150 to the Treasury Division, and
- Notify the Finance Department of the termination of the fund.

## Attachment A

August 6, 2008

Loren E. Monroe, Auditor General  
Office of the Auditor General  
2 Woodward Avenue  
Coleman A. Young Municipal Center, Room 208  
Detroit, Michigan 48226

Dear Mr. Monroe:

The following presents City Council Administration's response for the indicated recommendations in the April 1, 2006 – March 31, 2008 audit of City Council Administration's Imprest Cash fund, as prepared by the Office of the Auditor General. Our responses include the actions taken or to be taken regarding the recommendations, and the implementation dates or the targeted implementation dates for those actions.

Recommendations. City Council Administration Eliminate Their Imprest Cash Fund by Returning the \$150 to the Treasury Division, and Notify the Finance Department of the Termination of the Fund

### Division's Response

The recommendation of the Auditor General, for the April 1, 2006-March 31, 2008 audit of the City Council Administration's Imprest Cash fund, will be implemented. The \$150.00 cash fund will be returned to the Treasury Division and the Finance Department is to be notified, no later than August 15, 2008..

Sincerely,



Fermon S. Sanders  
City Council Administrative Assistant IV



